102-06796/

MINISTER OF
INDUSTRY, TRADE AND MINES

WINNIPEG, MANITOBA, CANADA
R3C 0V8

June 24, 2002

His Honour
The Honourable Peter M. Liba, C.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for Manitoba Trade and Investment Corporation for the fiscal year ending March 31, 2002.

Respectfully submitted,

MaryAnn Mihychuk

MaryAnn Mihychuk, P. Geo.
Minister

MANITOBA
TRADE AND
INVESTMENT

410-155 Carlton Street
Winnipeg, MB Canada
R3C 3H8

Phone (204) 945-2466
Fax (204) 957-1793

June 17, 2002

Honourable MaryAnn Mihychuk
Minister of Industry, Trade and Mines
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

It is our pleasure to submit the Annual Report of the Manitoba Trade and Investment Corporation for the fiscal year ended March 31, 2002, as required by Section 15 of the Manitoba Trade and Investment Corporation Act.

Respectfully submitted,

Hugh Eliasson
Chairperson

Rodney B. Sprange
President

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TRADE AND
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R3C 3H8

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PRESIDENT'S MESSAGE

"Change is constant." This was true when Benjamin Disraeli said it and it is certainly true for Manitoba Trade and Investment Corporation. In last year's report, I highlighted a new initiative we were developing related to Manitoba's natural advantage in hydroelectricity. I am pleased to report that the initiative has been successfully launched as the Energy Development Initiative and has been established as a stand-alone program of the Manitoba Government. In this fiscal year, we were pleased to add the Industry Consulting function to the trade and investment team. We are now able to provide a range of services from business development, through export preparation and market access, to the attraction of entrepreneurial investment. The organization chart contained in this report illustrates how we have adjusted to these changes.

Along with organizational change, we have had to adjust to the changes in the world economy, including the impact of the attack on the World Trade Centre in New York and the Pentagon in Washington, D.C., and a recession in the United States, by far our largest market.

A number of industries have been impacted by these events and our staff have been active in ensuring the long-term viability of the transportation (particularly bus manufacturing) and aerospace industries. We are making good progress in ensuring Manitoba's position as a centre for advanced manufacturing.

It is encouraging to note, that despite the world economic slowdown, Manitoba's trade performance strengthened from the previous year, totalling $9.4 billion in 2001 versus $8.7 billion in 2000.

Last year we launched the Provincial Nominee Program for Business, aimed at attracting business immigrants to Manitoba. As you will read further in this report, the response has been outstanding and our dedicated business immigration team has done a remarkable job in processing the hundreds of applications within our published response times. We are looking forward to welcoming many new Manitobans to the business community this year.

This year, our trade development team has worked with a record number of exporters, those new to exporting and those looking at market diversification. Our combination of trade specialists, geographic staff and foreign trade representatives has once again proven to be a successful model.

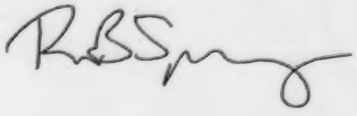
Manitoba Trade and Investment Corporation
An Agency of Manitoba Industry, Trade and Mines

www.manitoba-canada.com

I am pleased to highlight the achievements of our operations staff. Our administrative, accounting, logistics and information specialists have provided us with exemplary support tools and services that have contributed significantly to our success.

Our marketing branch has continued to provide us with a competitive tool kit to support our promotional activities and is using the latest in e-marketing technology to improve our ability to provide the right information to the right person at the right time.

Although 2001/02 saw dramatic changes to the world and we have adjusted accordingly, one thing remains unchanged—the dedication of the staff of Manitoba Trade and Investment to provide maximum value to our clients and partners.



Rodney B. Sprange
President

Highlights

2001 / 2002

- **New Internet marketing** capabilities were created through the launch of web sites for new initiatives and development of interactive web site tools.
- The new **International Projects** (http://www.gov.mb.ca/itm/trade/export/intlproj/index.html) initiative, begun in June 2001, will focus on increasing the number of contracts for international development projects that Manitoba companies and organizations secure from International Financial Institutions.
- Since its launch in October 2000, the **Provincial Nominee Program for Business** (http://www.gov.mb.ca/itm/trade/pnp-b/index.html) has received more than 200 applications. In 2001/02, 84 were approved, with the average planned investment worth nearly $300,000.
- The **Manitoba Comebacks campaign** (http://www.manitobacomebacks.ca) was launched to encourage former Manitobans with needed skills to return to the province. The campaign includes plans to publish a first issue of a new Manitoba magazine, *Manitoba Calling.*
- **Standard Aero** announced a $60 million expansion investment in the aerospace industry.
- Premier Gary Doer led the Manitoba delegation that participated in the **Team Canada mission** to Moscow, Russia, and Berlin and Munich, Germany, in February 2002.
- The Premier led the Manitoba delegation that participated in the inaugural **Team Canada West mission** to Dallas, Texas, and Los Angeles, California, in November 2001.

Shown here are The Honourable Jean Chrétien, Prime Minister of Canada (second from left); The Honourable Gary Doer, Premier of Manitoba (fourth from right); and the Honourable MaryAnn Mihychuk, Minister of Industry, Trade and Mines (fifth from right) at a signing ceremony in Berlin, Germany, during the Team Canada mission in September 2001.

- The Premier led a **business mission to Iceland, Germany, and Belgium** in August/September 2001. The Honourable MaryAnn Mihychuk joined the mission in Germany and Belgium.
- The Honourable MaryAnn Mihychuk led a **business mission to Jalisco** in October 2001, accompanied by 13 Manitoba companies.
- Manitoba Trade and Investment led a first-time business mission to the **Havana International Trade Fair** in November 2001.

Overview of

Operations

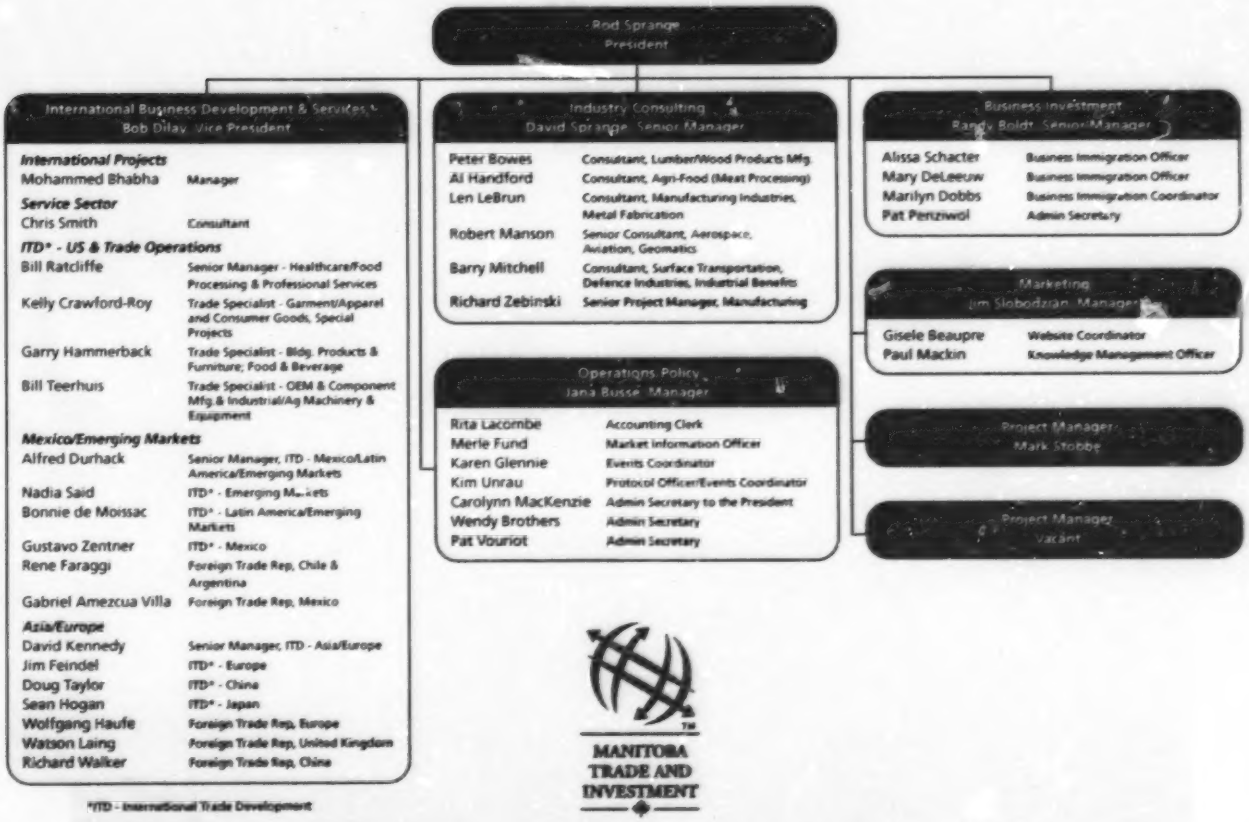
Manitoba Trade and Investment's mission is to help build the Manitoba economy through increased exports and industry investment, focusing on industry development, export, and investment marketing opportunities. As a provincial agency, the Manitoba Trade and Investment (MTI) Corporation supports this mission through the following goals:

- economic growth of the manufacturing, processing and services sectors
- increased exports, particularly for small- and medium-sized businesses
- increased inward investment
- competitive marketing information
- business retention and expansion

Canada-Manitoba Memorandum of Understanding

Economic development is truly a cooperative effort, and MTI encourages and facilitates cooperation with other provincial, federal, and civic economic development agencies. A key example is the high level of cooperation between the Province and the federal government arising from a Memorandum of Understanding, renewed in April 2000, to promote international business development. This collaborative effort led to many overall benefits, including:

- coordinated and cost-effective delivery of export programs and services
- reduced duplication and increased effectiveness through shared resources
- nationally recognized processes for performance measurement and tracking


Rod Sprange
President
International Business Development & Services
Bob Dilay, Vice President
International Projects
Mohammed Bhabha — Manager
Service Sector
Chris Smith — Consultant
ITD* - US & Trade Operations
Bill Ratcliffe — Senior Manager - Healthcare/Food Processing & Professional Services
Kelly Crawford-Roy — Trade Specialist - Garment/Apparel and Consumer Goods, Special Projects
Garry Hammerback — Trade Specialist - Bldg. Products & Furniture; Food & Beverage
Bill Teerhuis — Trade Specialist - OEM & Component Mfg.& Industrial/Ag Machinery & Equipment
Mexico/Emerging Markets
Alfred Durhack — Senior Manager, ITD - Mexico/Latin America/Emerging Markets
Nadia Said — ITD* - Emerging Markets
Bonnie de Moissac — ITD* - Latin America/Emerging Markets
Gustavo Zentner — ITD* - Mexico
Rene Faraggi — Foreign Trade Rep, Chile & Argentina
Gabriel Amezcua Villa — Foreign Trade Rep, Mexico
Asia/Europe
David Kennedy — Senior Manager, ITD - Asia/Europe
Jim Feindel — ITD* - Europe
Doug Taylor — ITD* - China
Sean Hogan — ITD* - Japan
Wolfgang Haufe — Foreign Trade Rep, Europe
Watson Laing — Foreign Trade Rep, United Kingdom
Richard Walker — Foreign Trade Rep, China
*ITD - International Trade Development
Industry Consulting
David Sprange, Senior Manager
Peter Bowes — Consultant, Lumber/Wood Products Mfg.
Al Handford — Consultant, Agri-Food (Meat Processing)
Len LeBrun — Consultant, Manufacturing Industries, Metal Fabrication
Robert Manson — Senior Consultant, Aerospace, Aviation, Geomatics
Barry Mitchell — Consultant, Surface Transportation, Defence Industries, Industrial Benefits
Richard Zebinski — Senior Project Manager, Manufacturing
Operations Policy
Jana Busse, Manager
Rita Lacombe — Accounting Clerk
Merle Fund — Market Information Officer
Karen Glennie — Events Coordinator
Kim Unrau — Protocol Officer/Events Coordinator
Carolynn MacKenzie — Admin Secretary to the President
Wendy Brothers — Admin Secretary
Pat Vouriot — Admin Secretary
Business Investment
Randy Boldt, Senior Manager
Alissa Schacter — Business Immigration Officer
Mary DeLeeuw — Business Immigration Officer
Marilyn Dobbs — Business Immigration Coordinator
Pat Penziwol — Admin Secretary
Marketing
Jim Slobodzian, Manager
Gisele Beaupre — Website Coordinator
Paul Mackin — Knowledge Management Officer
Project Manager
Mark Stobbe
Project Manager
Vacant
MANITOBA TRADE AND INVESTMENT

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

Business

Investment

The Business Investment Branch encompasses three areas of activity—general promotion, business recruitment, and entrepreneur recruitment (through the Provincial Nominee Program for Business). These activities are designed to attract business and businesspersons to Manitoba through greenfield investments, joint ventures, strategic alliances, plant expansions, and business succession.

The Branch responds to investment opportunities received from a number of sources—its web site, Canadian embassies and consulates, local business people, and other provincial and federal departments. Depending on the nature of the proposal, a response and assistance are coordinated with the department, other agencies, and the private sector. Inquiries encompass businesses in manufacturing, call centres, agricultural enterprises, property development, entertainment, and retail.

MTI is the prime contact for investment activities with various federal government departments, including Investment Partnerships Canada, the Department of Foreign Affairs & International Trade, Industry Canada, and Western Economic Diversification. MTI also participates in a number of joint activities with the federal government, including web site development, investment missions, development of the KPMG Study on Competitive Alternatives (and its accompanying model), and meetings with Trade Commissioners around the world.

In addition, MTI is a member of Corenet Global (formerly the International Development Research Council), an association of site selectors; corporate real estate executives, many of whom are from Fortune 1000 companies in the U.S. and Canada; and economic development agencies.

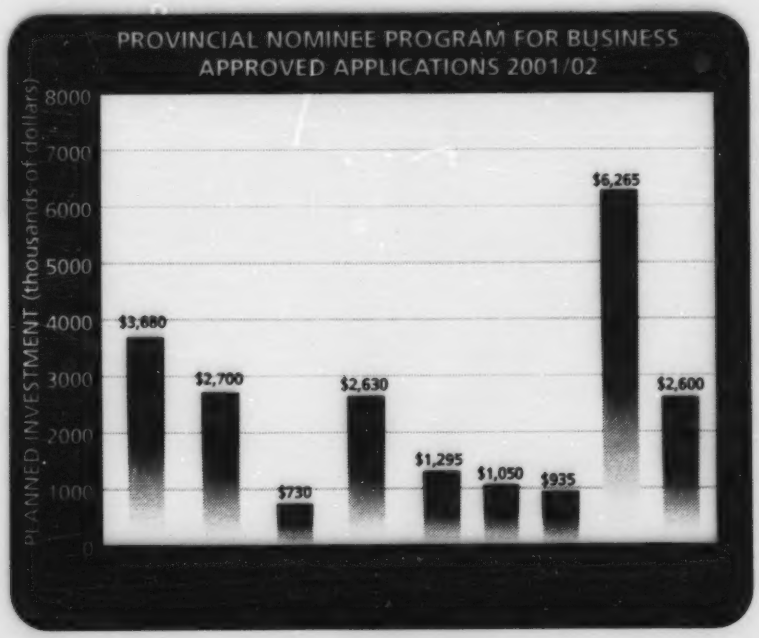
Provincial Nominee Program for Business

Since the launch of the program in October 2000, more than 200 applications have been received, significantly higher than expected. In 2001/02, 84 were approved, with the average planned investment worth nearly $300,000 per approved immigrant. Prior to the launch of the program, Manitoba received 10 to 15 business immigrants per year, each with an average investment of $100,000.

Approved applicants began receiving their Landed Immigrant status in January 2002, with the first ones arriving in Manitoba in February 2002.

In fiscal 2001/02, the Branch organized missions to targeted locations:

- Mexico, October 2001, resulting in several business leads. Staff met with, or presented information sessions to, approximately 60 potential clients, as well as meeting with Canadian Embassy staff and various business and educational organizations.
- Korea, November 2001, a very successful mission with six seminars held for over 200 potential applicants. Applications from Korea are expected to reach 150 this year, many of which arose from this mission. The mission also provided an opportunity to build on Manitoba's relationship with the Canadian Embassy in Seoul, which has been actively involved in the Program.
- Hong Kong, November/December 2001, primarily a fact-finding mission to explore ways to attract and process clients from China. Extensive meetings were held with the Canadian Embassy. Over 30 applications have been received from China to date, and China offers great potential for entrepreneurial immigration to Manitoba.



Industry

Consulting

Industry consultants provide sector knowledge to businesses (manufacturing, processing, and services sectors) in the areas of marketing, technology, business development, and management. Existing infrastructure advantages are used to maximize economic development opportunities and encourage the commercialization and adoption of new technologies, and strategic alliances that further strengthen and diversify Manitoba's industrial capabilities.

Sector Development

Sector development activities provide an ongoing analysis of each of Manitoba's major industrial sectors (aerospace, equipment manufacturing, food processing, and wood products). Strengths, weaknesses, emerging trends, threats, and opportunities are considered, developing sector profiles, competitive comparisons with other major jurisdictions, and a strategic plan for the future development of the particular sector in Manitoba.

Project Development

Project development activities within the branch are wide-ranging and include a variety of projects from those initiated by sector planning activities to those responding to specific requests from established companies. The objective of all project development activities is to create and maintain jobs and investment in Manitoba.

Highlights of 2001/02

In the past year, Industry Consulting was involved in sector development and project activities that resulted in new investment, job creation, and the introduction of new technologies. The creation of new companies such as Acetek Composites Inc. and Canada West Foods has brought new technologies into Manitoba's aerospace and food processing sectors. Established companies such as New Flyer Industries and Standard Aero were assisted in major projects designed to strengthen them as world-class competitors in their fields.

The Branch participated in a detailed study of opportunities for further value-added economic development in the forest products sector. A range of manufacturing companies was assisted with the development and commercialization of new and innovative products.

During the past year, as part of assisting with major structural changes in the bus manufacturing sector, plans were put in place to provide ongoing support for the introduction of new technologies and the consolidation and strengthening of this important part of Manitoba's transportation equipment sector.

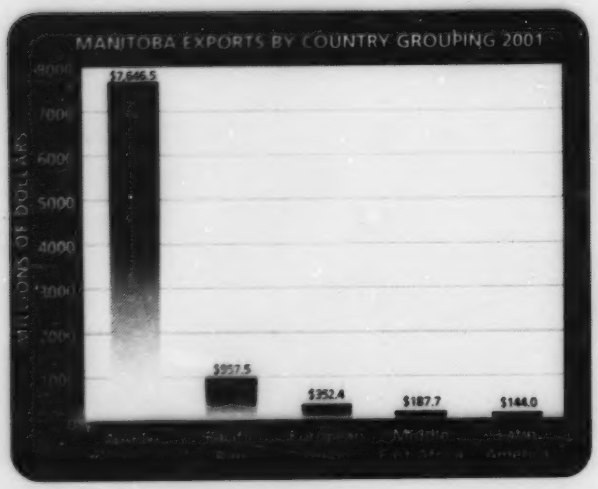
International Business Development

and Services

International Business Development provides a variety of services, summarized in the chart below.

Services

GENERAL INFORMATION	SKILLS DEVELOPMENT	EXPORT COUNSELLING	TRADE FINANCING	MARKET ENTRY SUPPORT	IN-MARKET ASSISTANCE
Toll-free export information service	Export preparation guide	Export-readiness assessment	International Financial Institutions	Market information and informational sessions	Market prospects
MTI Web site	Export skills training	Market readiness assessment	Trade show support (TAP)	Trade fairs/shows	Key contacts search
MTI newsletter	Preparation for U.S. market	Export plan development		Trade missions	Visit information
General seminars	Preparation for other markets	Export plan implementation		Partner identification	Direct contacts
				Market intelligence	Local company information
				Advocacy	Troubleshooting
				Reverse trade shows, incoming missions	Government and business liaison



Source: Manitoba Bureau of Statistics, March 2002

FOREIGN TRADE REPRESENTATIVES

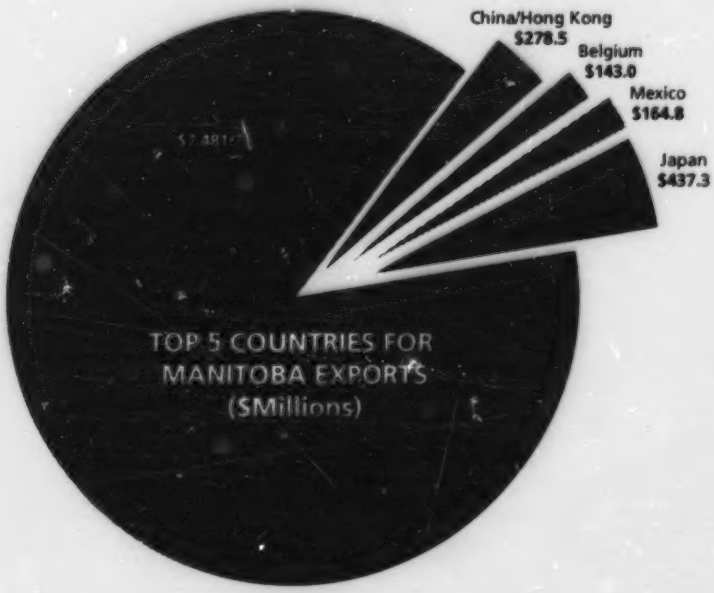
In 2001/02, five foreign trade representatives (two in Europe and one in Mexico, Chile, and China) worked on behalf of the Province to provide onsite regional support and contacts for Manitoba businesses.

International Projects

International Projects is a new initiative of MTI, begun in June 2001. Its focus is to increase the number and value of contracts secured by Manitoba companies and organizations for international development projects that are financed by the Canadian International Development Agency (CIDA) and International Financial Institutions (IFIs). IFIs include the World Bank, Inter-American Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Caribbean Development Bank, and African Development Bank.

In November 2001, CIDA and the Canadian Manufacturers & Exporters hosted the International Development Conference in Winnipeg, bringing speakers from various IFIs to the city and highlighting the expertise and capabilities that Manitoba offers. MTI took an active role in the conference by participating in the Organizing Committee, sponsoring the conference at its highest level, and presenting at a workshop. The conference raised the awareness of CIDA and IFI opportunities among Manitoba companies.

A number of projects have been developed and are being pursued with IFIs, in sectors such as energy services, agricultural equipment and services, eco-tourism, forestry management, construction, and information technology.



Source: Manitoba Bureau of Statistics, March 2002

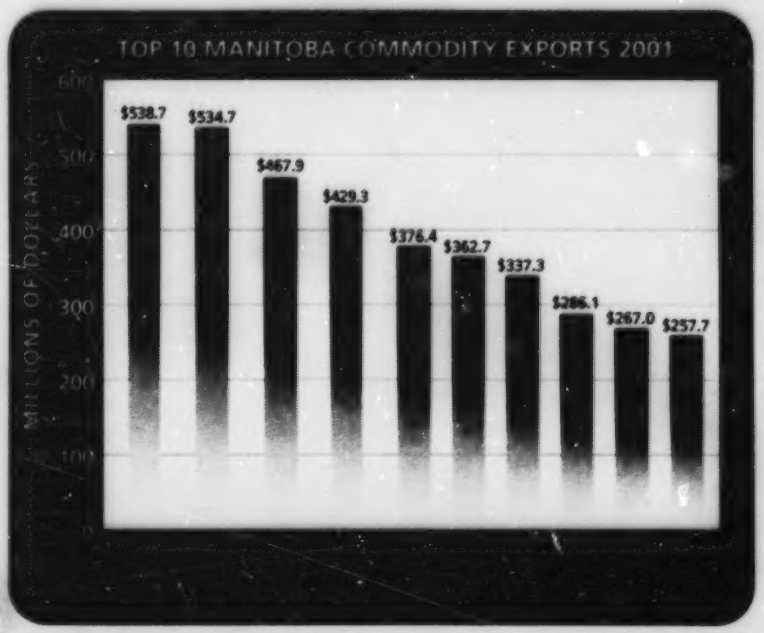
Exporter Development

International Business Development concentrates on new exporter development and trade promotion (1) to increase the number of Manitoba companies that are active exporters and (2) to increase their market diversification.

The Exporter Development program includes a variety of activities and services that assist Manitoba's small- and medium-sized businesses in their international marketing activities. In 2001/02, the program helped:

- over 200 companies to become new or diversified exporters
- 83 companies to participate in trade shows through the Trade Assistance Program
- 7 companies to identify export financing sources through IFIs

Priority sectors included food and beverage processing, apparel, building products, original equipment manufacturers and sub-components/agricultural equipment, and exportable services.



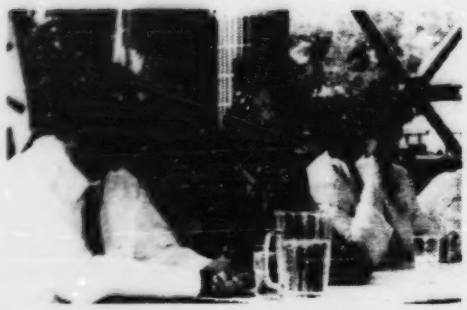
Source: Manitoba Bureau of Statistics, March 2002

U.S. and Trade Operations

The U.S. continued to be Manitoba's largest export market for goods and services, representing 80% of our total foreign exports. Manitoba merchandise exports to the U.S. increased to $7,481.7 million in 2001, an increase of 7.3% over 2000.

In fiscal 2001/02, MTI organized the following activities to link new and established Manitoba exporters with export opportunities:

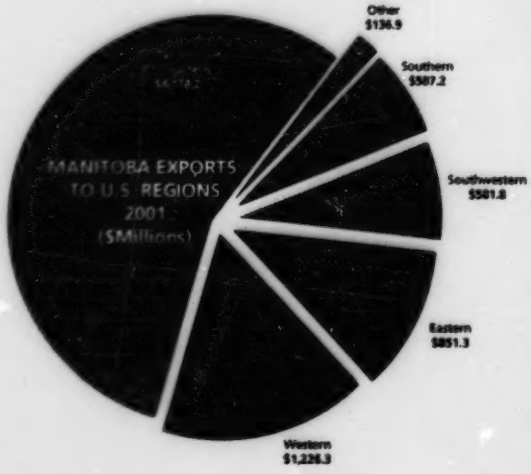
- four trade shows in the U.S., resulting in $2.4 million in actual and projected sales
- an incoming Original Equipment Manufacturers (OEM) mission, involving five U.S. companies and 35 Manitoba companies
- incoming business mission from Minnesota headed by Governor Jesse Ventura in July 2001
- several export information events featuring export opportunities in the U.S.
- participation in the inaugural Team Canada West Mission in November 2001 to Dallas, Texas, and Los Angeles, California, with the Manitoba delegation led by Premier Gary Doer



Premier Gary Doer, Governor Jesse Ventura, and Susan Thompson, Consul General – Minneapolis Canadian Consulate, enjoy time with the media at The Forks in Winnipeg, July 2001.

MTI also continued its participation in trade corridor promotion through:

- the Northern Great Plains Working Group to implement recommendations made in the "Transportation, Trade and Economic Development: Maximizing Future Opportunities in the Northern Great Plains" project
- the development and promotion of Manitoba as an important location in the Mid-continent Trade Corridor



Source: Manitoba Bureau of Statistics, March 2002

Mexico & Emerging Markets

Mexico

In 2001, Mexico was Manitoba's fourth-largest export market, with exports totalling $164.8 million, an increase of 30% over 2000. Agriculture-related and manufactured products were at the top of the export list.

In fiscal 2001/02, MTI organized the following activities:

- a seminar for 40 businesspersons on "Doing Business in Mexico"
- meetings in Mexico with the Minister of Health and seven other representatives in September 2001 to arrange doctors' exchange and training programs in Manitoba
- a business mission to Jalisco in October 2001, led by the Honourable MaryAnn Mihychuk and accompanied by 13 companies, with a follow-up mission in December 2001
- a familiarization program for an incoming group of Mexican tour operators in February 2002
- an incoming visit from MTI's foreign trade representative in Jalisco, who met with 32 Manitoba companies in March 2002

South America

In 2001, Manitoba exports to South America totalled $102.7 million, a 10% decrease compared to $114 million the previous year. Exports to Chile, Argentina, and Brazil totalled $12.8 million, a 71% decrease compared to $43.4 million the year prior. The reduction reflects the political and fiscal situation in Argentina and Brazil.

MTI's focus has broadened to other countries within this market that, by contrast, have been enjoying continued growth. Manitoba exported $33.5 million in goods to Venezuela in 2001, a 43% increase from $23.3 million in 2000, accounting for one-third of our total exports to South America.

A booth display in Jalisco, Mexico, showcases Manitoba's trade opportunities.

Brazil
In fiscal 2001/02, MTI organized incoming missions that resulted in local companies doing business with four Brazilian companies.

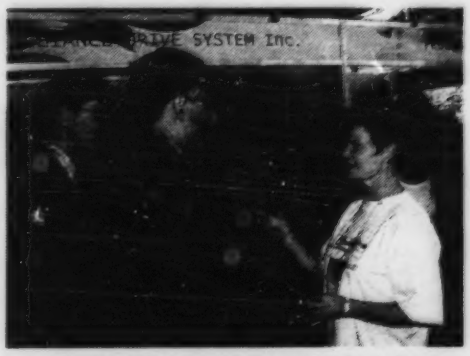
Chile
In fiscal 2001/02, MTI organized the following activities:

- Information Technology Trade Mission to Santiago in the fall of 2001
- two incoming business missions from Chile
- business presentations and seminars including an information session targeting business opportunities for the building products sector
- a breakfast meeting, in cooperation with the Chamber of Commerce, following which 12 companies committed to pursuing Chilean market opportunities
- an incoming visit from MTI's foreign trade representative in Chile, who met with 18 Manitoba companies in March 2002

Central America and the Caribbean
MTI's revitalized activities in the Caribbean focused on business opportunities in Cuba and the Dominican Republic. Both countries show positive economic forecasts, and import needs for them are increasing as they continue their strategy to improve technology and diversify their economies.

Costa Rica and Panama
The recent federal free trade agreement with Costa Rica provided increased opportunity for trade with Manitoba companies. Opportunities are particularly good for International Financial Institution projects, as well as others resulting from privatization.

Cuba and Dominican Republic
In November 2001, MTI visited the Dominican Republic to explore business opportunities. As well, it organized a first-time business mission to Cuba, with four Manitoba companies participating and eight others exhibiting product at the Havana International Trade Fair. During the visit, meetings were held with three ministers, negotiations for joint ventures were initiated, two letters of intent were signed, and potential representatives were identified for three companies.



Shown at the Havana International Trade Fair in November 2001 are, from left to right, Michael Small, Canadian Ambassador to Cuba, Raúl de la Nuez, Minister of Foreign Trade, Government of Cuba, and Bonnie de Moissac of Manitoba Trade and Investment.

Middle East, India and Africa

Some countries in this area have shown a significant increase in Manitoba imports, among them Egypt and the United Arab Emirates. MTI continued to facilitate trade opportunities and bring potential partners together.

Africa

An outgoing business mission to South Africa in November 2001 resulted in four Manitoba companies now actively exploring the South African market.

Participation at the August 2001 World Summit conference in the North West Province with two Manitoba companies resulted in new commercial contacts for them.

India

MTI received an incoming Indian business mission in May 2001 with the potential for a $2 million investment in a Manitoba pulse crushing facility.

Iran

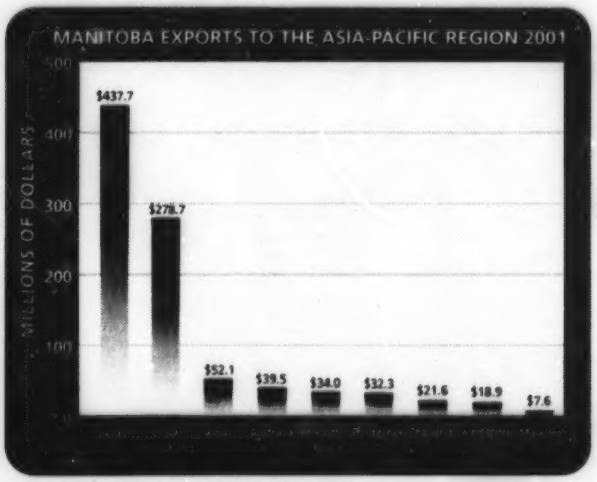
MTI introduced Manitoba suppliers to an Iranian company interested in purchasing barley for feed. As well, Manitoba sales to Iran of canola oil and exotic bird breeding stock were completed in 2001 as a result of MTI activities in the previous fiscal year.

Alfred Durhack of Manitoba Trade and Investment enjoys a lighter moment with Premier Popo Molefe at the World Summit Conference in Sun City, North West Province, Republic of South Africa, August 2001.

Asia & Europe

Asia-Pacific Region

This region was a significant export market for Manitoba, with exports to the region valued at $959 million in 2001. This represented a 12% increase over 2000, largely due to increased shipments of nickel, swine, and wheat. Japan and China continued to be Manitoba's most significant export destinations within the region.



Source: Manitoba Bureau of Statistics, March 2002
Note: Since the return of Hong Kong to China, statistics for these markets have been combined.

Australia
Australia became Manitoba's tenth largest export market, with exports of $39 million. Most of these were value-added goods, with pork products the only commodity item.

In October 2001, MTI participated with three Manitoba agricultural companies in Australian National Field Days. All three are now shipping product to Australia.

China/Hong Kong
Exports to China/Hong Kong of $278 million in 2001 represented an increase of 10% from the previous year. As a result of the return of Hong Kong to China, this combined market has become Manitoba's third-largest export market.

In fiscal 2001/02, MTI:

- hosted an incoming visit in May 2001 from Governor Li of Henan Province, stemming from the Team Canada missi

  on to China in February 2001.
- participated in the Agro-Foodtech China agricultural trade show in April 2001
- hosted other incoming visits from China including those of the Hong Kong Economic Trade Office, Henan Foreign Affairs, Far East Trade Service, Chinese Ministry of Science & Technology, Sino Grain Mission, and Anhui Agricultural Mission
- organized an incoming visit from MTI's foreign trade representative in China, who met with 44 Manitoba companies in January 2002

Japan

Japan continued to be Manitoba's second-largest market, with exports totalling $437.3 million in 2001, an increase of 19.8% over 2000, with agricultural products predominant.

Because of Japan's uncertain economic environment during the last few years, most small- and medium-sized firms have not actively pursued the market. However, the business environment is expected to improve in the short- to medium-term, and Manitoba firms have begun actively considering this market again.

In fiscal 2001/02, MTI:

- attended the Canada-Japan Business Committee Annual Meeting in Calgary in May 2001
- organized an incoming visit for the Canadian Embassy's Officer responsible for Investment, Science, and Technology in January 2002

New Asia-Pacific Markets

In fiscal 2001/02, MTI:

- hosted a business visit from the Princess of Thailand, June 2001
- participated with Manitoba Agriculture in an incoming buyers' mission from Korea in October 2001
- conducted a market exploration and research visit to Singapore, Malaysia, and Thailand in November 2001
- participated with Manitoba Agriculture in an incoming buyers' mission from the Philippines and Indonesia in February 2002
- participated in incoming visits by two government representatives from the ASEAN (Association of Southeast Asian Nations) region

Premier Gary Doer looks on as Princess Galyani Vadhana of Thailand signs the guest book in the Legislative Building during her visit in June 2001. In the background is Bob Dilay of Manitoba Trade and Investment

Europe

In 2001/02, Manitoba exports to Western Europe totalled $352.4 million, an increase of $13.2 million or 3.9% from the previous year.

In fiscal 2001/02:
MTI continued to support Manitoba companies as they looked to Europe for increased export diversification:

- assisted 32 Manitoba companies in identifying trade opportunities in Europe. Fifteen companies visited Europe on business call programs arranged by MTI staff, meeting with over 50 European companies.
- participated in 10 visits from government representatives from Europe
- organized and participated in the Anuga Food Fair in Cologne, Germany, in October 2001, with seven Manitoba agri-food companies, resulting in $500,000 in onsite sales and $1.75 million in projected sales
- undertook a special initiative in the energy sector by seeking European firms to partner with Manitoba companies. As a result, a Swiss company visited Manitoba and signed three letters of intent to work with Manitoba firms to seek international business.
- participated in the Premier-led mission to Iceland, Germany and Belgium in August/September 2001, with 16 Manitoba firms or organizations participating in the mission. The Honourable MaryAnn Mihychuk joined the mission in Germany and Belgium.
- participated in the Team Canada Mission to Moscow, Russia, and Berlin and Munich, Germany, in February 2002, with 10 Manitoba firms/organizations participating in the mission
- organized an incoming visit from MTI's foreign trade representative in Europe, who met with 30 Manitoba companies in January 2002

Source: Manitoba Bureau of Statistics, March 2002

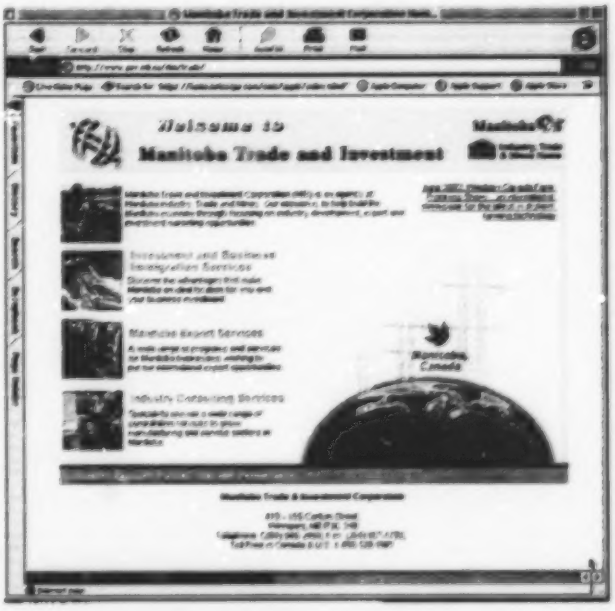
Marketing

The Marketing Branch provides extensive promotional support to the Department of Industry, Trade and Mines (IT&M) through the coordination of marketing activities and development of promotional materials. These marketing activities include five key areas:

- Web sites and electronic marketing
- Advertising and communications
- Production of brochures
- Event marketing
- Market intelligence and information services

In 2001/02, Manitoba Trade and Investment marketing focused on new and emerging strategic priorities:

- Developing a new design and messaging for overall promotion that incorporated branding Manitoba as the "energy" province, with a diverse economy and dynamic workforce
- Partnering with community organizations to focus on "homegrown" economic development. This included projects to build local attitudes, retain and expand existing business, and retain and attract a quality workforce
- Further developing e-marketing and web site capabilities
- A growing mandate for MTI to provide marketing support across the Department of Industry, Trade and Mines, ensuring a cohesive strategy and message



The new home page of the Manitoba Trade and Investment web site. http://www.manitoba-canada.com

Key Marketing Activities

Web sites and electronic marketing

Web Site Development - This area experienced tremendous growth. As well as managing the MTI web site (http://www.manitoba-canada.com) in 2001/02, the Marketing Branch assumed additional responsibilities to coordinate the overall strategy and development of the main IT&M web site and the branch/division sites that fall under it (http://www.gov.mb.ca/itm).

In addition to major web site improvements, new web site sections were added for promoting:

- Manitoba's Energy Advantage (http://www.manitobaenergy.ca)
- Manitoba Comebacks campaign (http://www.manitobacomebacks.ca)
- Industrial Minerals Development
- Provincial Nominee Program for Business
- Manitoba's trade mission to Jalisco, Mexico
- Mining Task Force

Business Information Service – Also in 2001/02, work was initiated on building an interactive business service tool (Manitoba Business Information Service) designed to work with companies to proactively provide them with emailed information on business opportunities. Public launch of this tool is expected in the summer of 2002.

New Video – In 2001/02, a new 3-minute promotional video was completed in English and Spanish.

New Slide Presentation - A new "master" slide presentation (140 slides) was completed for use by the entire department of IT&M. This presentation was made available in many electronic formats and online for internal and external use.

Advertising and communications

In 2001/02, a limited number of ads appeared targeting Manitoba's two key investment markets (U.S. and Europe) and taking advantage of special opportunities to cooperate in promotional opportunities with federal or municipal partners.

City Image Building campaign - In 2001/02 Manitoba also participated as a partner in the Winnipeg Chamber of Commerce Image Building campaign to build positive attitudes locally.

Manitoba Comebacks campaign – A campaign was launched to encourage ex-Manitobans with needed skills to return to the province. In 2001/02, the plan was developed, private sector consultation sought, focus group tests conducted, and magazine development begun. The first magazine issue is planned for the Spring of 2002.

Key Marketing Activities *(continued)*

Production of brochures

An **electronic photo library** of images was completed for use by IT&M in promotional material.

The **Access Advantages** brochure was completed in Spanish for use on trade missions to South America and Mexico.

Business Immigration program brochures and slide presentations were completed in English, Korean, Mandarin, and Tagalog.

Energy Development Initiative promotional brochures and CD ROM were completed.

Miscellaneous **International Business Development** promotional pamphlets and folders were completed in 2001/02, including the new "Export Services" brochure; Team Canada mission brochures in Russian, German, and English; and Team Canada USA brochures.

Event marketing

Manitoba Mining and Minerals Convention - Event marketing support was provided for this annual event in November 2001. The event was successful once again, despite difficult economic conditions.

New display booths – In 2001/02, two new display booths were completed for the Minerals Division and one new promotional display booth for general departmental use.

Honouring Manitoba's Top 50 Fastest-Growing Businesses – Once again, Industry, Trade and Mines hosted a successful event, in cooperation with *Manitoba Business Magazine*, to honour Manitoba's top 50 fastest-growing companies.

Market intelligence and information services

MTI continued to provide international business development information products and services to Manitoba clients/companies and information about Manitoba company capabilities for potential clients in overseas markets. The program involves data collection surveys with federal and provincial delivery partners, analysis, and dissemination.

Manitoba Trade and Investment Corporation thanks our many friends and partners throughout Canada and the world for their help and encouragement in 2001/02. We look forward to continuing good relations in the coming year.

MANITOBA
TRADE AND
INVESTMENT

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R3C 3H8

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www.manitoba-canada.com

Manitoba Trade and Investment Corporation

Financial Statements

March 31, 2002

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2002 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 21, 2002

MANITOBA
TRADE AND
INVESTMENT

410-155 Carlton Street
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R3C 3H8

Phone (204) 945-2466
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May 21, 2002

THE MANITOBA TRADE AND INVESTMENT CORPORATION
MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies are established and respected.

The statements are examined by the Auditor General of the Province of Manitoba, whose opinion is included herein. The Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

Hugh Eliasson
Chairperson

Jack Dalgliesh, C.G.A.
Financial Officer

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2002
(With Comparative Figures for 2001)

	2002	2001
ASSETS	$	$
Current Assets:		
Cash on deposit with Province of Manitoba	780,567	888,382
Accounts Receivable - Trade	54,829	7,567
Accounts Receivable - Province of Manitoba	888,977	2,303,203
Accounts Receivable - Other	-	70,622
Total Current Assets	1,724,373	3,269,774
Funding Commitment - Province of Manitoba (Note 5)	-	24,244,242
Long-term Investment - Faneuil ISG Inc. (Note 3)	-	1
Total Long-term Investments	-	24,244,243
TOTAL ASSETS	1,724,373	27,514,017
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable - Trade	22,507	15,819
Accounts Payable - Province of Manitoba	888,977	2,534,497
Deferred Revenue (Note 6)	111,910	44,658
Total Current Liabilities	1,023,394	2,594,974
Long-term Liabilities:		
Operating Advance Payable	500,000	500,000
Loans Payable to the Province of Manitoba (Notes 4 and 5)	-	24,244,242
Total Long-term Liabilities	500,000	24,744,242
TOTAL LIABILITIES	1,523,394	27,339,216
RETAINED EARNINGS	200,979	174,801
TOTAL LIABILITIES AND RETAINED EARNINGS	1,724,373	27,514,017

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2002
(With Comparative Figures for 2001)

	2002 $	2001 $
Income:		
Participation Fees (Note 2)	169,678	140,494
Contract Fees Recoveries - Industry, Trade and Mines	444,525	434,202
Licence Fees Revenue	75,184	-
Expenses Recovered from Industry, Trade and Mines - Faneuil ISG Inc.	888,977	2,306,448
Total Income	1,578,364	2,881,144
Expenses:		
Program Expenditures (Note 2)	144,367	79,792
Audit Fees	8,520	7,245
Contract Fees	434,696	426,786
Guarantee Fees	96,977	121,221
Interest	792,000	2,181,982
Miscellaneous	442	246
Licence Fees	75,184	-
Total Expenses	1,552,186	2,817,272
Net Income (loss) for the Year	26,178	63,872
Retained Earnings, beginning of year	174,801	110,929
Retained Earnings, end of year	200,979	174,801

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002
(With Comparative Figures for 2001)

Operating Activities	2002 $	2001 $
Net Income (Loss) for the year	26,178	63,872
Changes in operating assets and liabilities		
Accounts receivable - trade	(47,262)	(6,361)
Accounts receivable - Province of Manitoba	1,414,226	22,795
Accounts receivable - other	70,622	20,785
Accounts payable - trade	6,688	(2,620)
Accounts payable - Province of Manitoba	(1,645,520)	(26,041)
Deferred revenue	67,252	(85,834)
Net cash flow from (to) operating activities	(107,816)	(13,404)
Investing Activities:		
Decrease in long-term investment - Faneuil ISG Inc.	1	-
Net cash flow from (to) investing activities	1	-
Financing Activities:		
Increase in Funding Commitment from the Province of Manitoba	24,244,242	-
Decrease in Loans Payable to the Province of Manitoba	(24,244,242)	-
Net cash flow to (from) financing activities	-	-
Net decrease in cash	(107,815)	(13,404)
Cash and term deposits, beginning of year	888,382	901,786
Cash and term deposits, end of year	780,567	888,382

See accompanying notes to financial statements.

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of Legislation in 1974. The object of the Corporation is to encourage, develop and increase Manitoba exports and trade. The Corporation's primary emphasis is to connect Manitoba businesses with emerging export opportunities.

The Corporation is economically dependent on the Department of Industry, Trade and Mines of the Government of Manitoba as all project shortfalls and deficits incurred by the Corporation are recovered from the Department.

2. Significant Accounting Policies

a. Basis of Presentation

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b. Participation Fees and Program Expenditures

Participation Fees and Program Expenditures are recognized as revenue or expense in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

c. Administrative Expenses Paid By The Province of Manitoba

No amount has been reflected in the financial statements for office space and other administrative services provided to the Corporation by the Department of Industry, Trade and Mines.

3. Long-Term Investment Faneuil ISG Inc.

On August 24, 1994, the Corporation entered into a series of agreements along with the Province of Manitoba, the Manitoba Telephone System (MTS) and Faneuil ISG Inc. (Faneuil) whereby a new information services company was established in Winnipeg. This new company develops integrated marketing systems and marketing information from call centres throughout North America.

In conjunction with these agreements, the Corporation acquired a subordinated debenture from Faneuil in the amount of $16 million. This debenture was due September 18, 1999 and provided for interest of 6.5% per year.

3. Long-Term Investment Faneuil ISG Inc. (Cont'd):

The terms of the debenture were subsequently restructured and $5.6 million of the debenture was converted to Class B convertible preferred shares. For the fiscal year ended March 31, 1999, the Corporation recorded a provision against the debenture of $1,796,000 - $1,500,000 to reflect loan forgiveness for job creation and an additional $296,000 to write the debenture down to its estimated present value based on future cash flows receivable under the modified repayment terms.

In addition, these agreements provided for the Corporation to assume notes receivable from Faneuil, based on MTS and Faneuil entering certain call centre equipment and service contracts over the life of these agreements.

Based on a lack of certainty that the Corporation would recover its long-term investment in Faneuil, the value of the long-term investment was reduced to a nominal value of $1 on March 31, 2000.

On January 17, 2002, 3863620 Canada Ltd. (the purchaser) acquired the net assets of Faneuil from the Province of Manitoba. In return, the Province of Manitoba received 11,000,000 Class B Preference shares in the capital of the purchaser. These Preference shares are being held on behalf of the Province by the Manitoba Development Corporation, at a carrying value of $1. As a part of this transaction, the Manitoba Trade and Investment Corporation's long-term investment in Faneuil has been reduced to nil as follows:

	2002 $	2001 $
Long - Term Investment - Faneuil		
Notes Receivable - Call Centre Equipment	-	5,000,000
Notes Receivable - Service Contract	-	244,242
Debenture Receivable	-	10,400,000
Preferred Shares	-	5,600,000
	-	21,244,242
Provision for Decline in Value of Investment	-	(21,244,241)
	-	1

4. Loans Payable to the Province of Manitoba

The operating advance from the Province of Manitoba is non-interest bearing with no fixed terms of repayment.

In exchange for acquiring the subordinated debenture as described in Note 3 above, the Corporation assumed responsibility for term notes payable, based on facility service fees being paid by MTS to Faneuil. As at March 31, 2001, these term notes payable assumed by the Corporation totaled $19,000,000.

In exchange for acquiring notes receivable as described in Note 3, the Corporation also assumed responsibility for equivalent amounts of term notes payable. These amounts payable were based on call centre equipment and service contracts entered between MTS and Faneuil.

All term notes payable yielded interest at 9% per year and were due January 1, 2002.

In addition to interest, the Corporation paid to the Province on an annual basis, a service fee of .5% on the cumulative notes outstanding, and a guarantee fee of .5% of the amount of notes outstanding at the previous March 31.

As described in Note 3 above, the value of the long-term investment in Faneuil has been reduced to nil. Similarly, the term notes payable to the Province of Manitoba on account of Faneuil have also been reduced to nil as follows:

	2002 $	2001 $
Loans Payable to the Province of Manitoba		
Term Notes Payable - Call Centre Equipment	-	5,000,000
Term Notes Payable - Facility Service Fees	-	19,000,000
Term Notes Payable - Service Contract Fees	-	244,242
	-	24,244,242

5. Funding Commitment – Province of Manitoba

The Corporation had an outstanding loan from the Province of Manitoba in the amount of $24,244,242 as at March 31, 2001. If the Corporation's long-term investment from Faneuil ISG Inc. proved to be uncollectible, the Province of Manitoba was committed to writing off an equivalent amount of its loan to the Corporation regarding this transaction. Since the Corporation has now reduced both its long-term investment in Faneuil and the loans payable to the Province of Manitoba to nil, the funding commitment from the Province of Manitoba on account of Faneuil has also been reduced to nil at March 31, 2002.

6. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific projects. Changes in the deferred revenue balance are as follows:

	2002 $	2001 $
Balance, beginning of year	44,658	130,492
Less amount recognized as revenue in the year	(451,096)	(452,901)
Add amounts received during the year	518,348	367,067
Balance, end of year	111,910	44,658

7. Financial Instruments

The carrying amounts of current assets and liabilities are a reasonable estimate of their fair value because of the short-term maturity of these instruments.